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**UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA**

BARBARA MARK, an individual;

Plaintiffs,

vs.

BRUCE MAJESKI, an individual;
BRUCE KING EQUITES, INC., a
Wyoming Corporation; B&B
ECONOMIC DEVELOPMENT, INC.,
a California limited liability company;
CFO ADVISOR, a California
Corporation; EZ QUAL LENDING, a
California Corporation; FEARLESS
INDUSTRIES, a Wyoming
corporation; FISK CHARITIES, a
California Public Benefits Corporation;
ISABELLA INDUSTRIES, INC., a
Wyoming Corporation; KAB
HOLDINGS, a California corporation;
PEL FINANCIAL SERVICES, a
California corporation; PHIL
ANTHROPY HOUSE, a California
Public Benefits Corporation;
SOVEREIGN WEALTH
PRESERVATION INC., a Wyoming

Case No.: 23-968

COMPLAINT FOR:

- 1. VIOLATION OF RULE 10(B)
OF THE EXCHANGE ACT OF
1934 AND RULE 10b-5 [15 U.S.C
SECTION 78J(b) AND 17 C.F.R.
SECTION 240.10B-5]**
- 2. RESCISSION UNDER
SECTION 215 OF
INVESTMENT ADVISERS ACT
OF 1940 [15 U.S.C. SECTION
80B-1 ET SEQ.]**
- 3. FRAUDULENT
CONCEALMENT**
- 4. CONSTRUCTIVE FRAUD**
- 5. VIOLATION OF CALIFORNIA
CORPORATIONS CODE
SECTIONS 25401 AND 25501**
- 6. DECEIT – INTENTIONAL
MISREPRESENTATION**
- 7. BREACH OF FIDUCIARY
DUTY**
- 8. UNFAIR BUSINESS
PRACTICES IN VIOLATION**

Corporation; THE KRISTINE
TAYLOR PHILANTHROPIES, a
California Public Benefit Corporation;
TLC ESCROW SERVICES, INC., a
California corporation; MY
PHILANTHROPIES, a California
Public Benefits Corporation;
KRISTINE TAYLOR APPEL, an
individual; and DOES 1 through 200

Defendants

**OF SECTION 17200 OF
CALIFORNIA BUSINESS AND
PROFESSIONS CODE**
**9. DECEIT – NEGLIGENT
MISREPRESENTATION**
10.BREACH OF CONTRACT
**11.BREACH OF GOOD FAITH
AND FAIR DEALING**
12.DECLARATORY RELIEF
13.CONVERSION
14.CONSTRUCTIVE TRUST
15.FRAUDULENT TRANSFERS
16.FINANCIAL ELDER ABUSE
17.ACCOUNTING

DEMAND FOR JURY TRIAL

1 The plaintiff, BARBARA MARK ("MARK"), by and through her
2 attorneys, DELDAR LEGAL, brings this action against defendants as follows:

3 **SUMMARY OF THE CASE**

4 1. BRUCE MAJESKI ("MAJESKI") masterminded a fraudulent,
5 unregistered securities offering that sold plaintiff no less
6 than \$1,753,400 worth of trust deeds¹. MAJESKI lured plaintiff by offering her
7 guaranteed monthly interest payments on purportedly safe deals: her funds
8 would be used to finance trust deeds secured by real property. Defendants led
9 plaintiff to believe that if her trust deeds were not repaid, she would have the
10 ability to foreclose to recover her investment.

11 2. In reality, monthly interest payments were a return of principal and
12 not always made. The same underlying property was often pledged as
13 purported collateral on numerous investors' trust deeds.

14 3. In addition to misrepresenting how plaintiff's funds would be used
15 and secured, MAJESKI misappropriated MARK's funds for his own benefit
16 and use.

17 4. MAJESKI misrepresented that as of 12/1/2019, all trust deeds held
18 by ISABELLA INDUSTRIES, and BRUCE KING EQUITIES, were
19 transferred to plaintiff's company JOSEPH ADAY PROPERTIES.

20 5. MAJESKI misrepresented that as of 6/1/2020, notes in the amount
21 of \$1,590,400.00 and secured by trust deeds, were transferred to plaintiff's
22 company, JOSEPH ADAY PROPERTIES.

23 6. MAJESKI misrepresented that as of 11/01/2021, notes in the
24 amount of \$1,753,400 and secured by trust deeds had been transferred to
25 plaintiff's company JOSEPH ADAY PROPERTIES.

26 7. MAJESKI misrepresented that effective 3/11/2022, regardless of
27

28 ¹ The term Trust Deeds is used herein but in reality includes a promissory note which is secured by a trust deed.

1 the beneficiary, all note disbursements were to be paid to plaintiff's company,
2 JOSEPH ADAY PROPERTIES, and that said notes total \$1,753,400 as of
3 03/11/22 and yield \$16,272.50 per month. MAJESKI further attested that the
4 beneficiary of all notes had been transferred to plaintiff's company, JOSEPH
5 ADAY PROPERTIES, effective March 11, 2022.

6 8. MAJESKI violated the anti-fraud provisions of the federal
7 securities laws by his actions. MAJESKI also offered and sold securities in
8 violation of the registration provisions of the federal securities laws. MAJESKI
9 acted as an unregistered securities broker-dealer when he actively solicited
10 potential investors, including plaintiff.

11 **THE PARTIES**

12 9. Plaintiff BARBARA MARK is, at all times, mentioned herein, an
13 individual over the age of 65, residing in Orange County, California, and is the
14 President of JOSEPH ADAY PROPERTIES.

15 10. Defendant BRUCE MAJESKI is an individual residing and having
16 his principal place of business in Orange County, California. On information
17 and belief, MAJESKI is an investment adviser representative as defined under
18 the provisions of the Investment Adviser Acts of 1940. [15 U.S.C. Section 80b-
19 1 et seq.]

20 11. Defendant BRUCE KING EQUITES, INC., is a Wyoming
21 Corporation formed by MAJESKI that does business in Orange County,
22 California. Its principal place of business is 18301 Von Karman Avenue, Ste
23 430, Irvine, CA 92612. MAJESKI was president until he replaced himself with
24 Barbara Mark on April 1, 2021.

25 12. Defendant B&B ECONOMIC DEVELOPMENT, INC., is a
26 California limited liability company formed by MAJESKI that does business
27 in Orange County, California. Its principal place of business is 18301 Von
28 Karman Avenue, Ste. 430, Irvine, CA 92612. MAJESKI is the sole shareholder

1 of this entity.

2 13. Defendant CFO ADVISOR is a California Corporation formed by
3 MAJESKI that does business in Orange County, California. Its principal place
4 of business is 18301 Von Karman Avenue, Ste. 430, Irvine, CA 92612.
5 MAJESKI is the sole shareholder of this entity.

6 14. Defendant EZ QUAL LENDING is a California Corporation
7 formed by MAJESKI that does business in Orange County, California. Its
8 principal place of business is 18301 Von Karman Avenue, Ste. 430, Irvine, CA
9 92612. MAJESKI is the sole shareholder of this entity.

10 15. Defendant FEARLESS INDUSTRIES is a Wyoming corporation
11 formed by MAJESKI that does business in Orange County, California. Its
12 principal place of business is 18301 Von Karman Avenue, Ste. 430, Irvine, CA
13 92612. MAJESKI is the sole shareholder of this entity.

14 16. Defendant FISK CHARITIES is a California Public Benefits
15 Corporation, formed by MAJESKI, that does business in Orange County,
16 California. Its principal place of business is 18301 Von Karman Avenue, Ste
17 430, Irvine, CA 92612. MAJESKI is the sole shareholder of this entity.

18 17. Defendant ISABELLA INDUSTRIES, INC., is a Wyoming
19 Corporation formed by MAJESKI that does business in Orange County,
20 California. Its principal place of business is 18301 Von Karman Avenue, Ste
21 430, Irvine, CA 92612. MAJESKI is the sole shareholder of this entity.

22 18. Defendant KAB HOLDINGS is a California corporation formed by
23 MAJESKI that does business in Orange County, California. Its principal place
24 of business is 18301 Von Karman Avenue, Ste. 430, Irvine, CA 92612.
25 MAJESKI is the sole shareholder of this entity.

26 19. Defendant PEL FINANCIAL SERVICES is a California
27 corporation formed by MAJESKI that does business in Orange County,
28 California. Its principal place of business is 18301 Von Karman Avenue, Ste.

1 430, Irvine, CA 92612. MAJESKI is the sole shareholder of this entity.

2 20. Defendant PHIL ANTHROPY HOUSE is a California Public
3 Benefits Corporation formed by MAJESKI. It does business in Orange County,
4 California. Its principal place of business is 18301 Von Karman Avenue, Ste.
5 430, Irvine, CA 92612. MAJESKI is the sole shareholder of this entity.

6 21. Defendant SOVEREIGN WEALTH PRESERVATION INC. is a
7 Wyoming Corporation formed by MAJESKI that does business in Orange
8 County, California. Its principal place of business is 18301 Von Karman
9 Avenue, Ste. 430, Irvine, CA 92612. MAJESKI is the sole shareholder of this
10 entity.

11 22. Defendant THE KRISTINE TAYLOR PHILANTHROPIES, is a
12 California Public Benefit Corporation, formed by MAJESKI, that does
13 business in Orange County, California. Its principal place of business is 2522
14 Chambers Rd., Tustin, CA 92780. MAJESKI is the sole shareholder of this
15 entity.

16 23. Defendant TLC ESCROW SERVICES, INC. is a California
17 corporation formed by MAJESKI that does business in Orange County,
18 California. Its principal place of business is 18301 Von Karman Ave., Suite
19 430, Irvine, CA 92612. MAJESKI is the sole shareholder of this entity.

20 24. Defendant MY PHILANTHROPIES, a California Public Benefits
21 Corporation formed by MAJESKI, does business in Orange County,
22 California. Its principal place of business is 18301 Von Karman Ave., Suite
23 430, Irvine, CA 92612. MAJESKI is the sole shareholder of this entity.

24 25. Defendant KRISTINE TAYLOR APPEL is an individual residing
25 and having her principal place of business in Orange County, California.
26 MAJESKI is the sole shareholder of this entity.

27 26. The true names and capacities, whether individual, corporate,
28 associate or otherwise, of defendants, DOES 1 through 200, being any

1 unknown business entity; all persons unknown, claiming any legal or equitable
2 right, title, estate, lien or interest in the property described in the complaint
3 adverse to plaintiff's title or any cloud on plaintiff's title thereto, inclusive, are
4 unknown to plaintiff, who therefore sues said defendants by such fictitious
5 names. Plaintiff is informed and believes and thereon alleges that each of the
6 defendants designated herein as a fictitiously named defendant is in some
7 manner responsible for the events and happenings herein referred to, either
8 contractually or tortuously, and caused the damage to plaintiff as herein
9 alleged. When plaintiff ascertains the true names and capacities of DOES 1
10 through 200, inclusive, she will ask leave of this Court to amend her complaint
11 by setting forth the same.

12 27. At all times herein mentioned, each of the defendants, which is
13 incorporated herein by this reference, was and is the agent, servant, and
14 employee of each of the other defendants, and all of the things alleged to have
15 been done by said defendants were done in the capacity of and as agent of the
16 other defendants.

17 **CO-CONSPIRATORS, AIDERS, AND ABETTORS**

18 28. Defendants, along with other persons, individuals, partnerships,
19 corporations, and associations not named in this complaint, have participated
20 as co-conspirators and have aided and abetted in the unlawful acts alleged in
21 this complaint and have performed acts and made statements in furtherance
22 thereof.

23 **AGENCY, JOINT VENTURE, ALTER EGO**

24 29. Plaintiff is informed and believes and, based thereon, alleges that
25 at all times mentioned herein, all of the defendants were the officers, directors,
26 brokers, agents, contractors, advisors, servants, partners, joint venturers,
27 managers, owners, parents, subsidiaries, and employees of their Co-
28 defendants, and were acting within the scope of their authority as such agents,

1 contractors, advisors, servants, partners, joint venturers, managers, owners,
2 parents, subsidiaries, and employees with the permission and consent of their
3 Co-defendants. Each defendant acted as a principal and was involved in the
4 relevant trust deed ponzi scheme.

5 30. Plaintiff is informed, believes, and based thereon alleges that there
6 existed and exists such a unity of interest and ownership between defendants
7 that the separate personalities of the corporation and the shareholder do not in
8 reality exist. Accordingly, plaintiff is informed, believes, and based thereon
9 alleges that defendants are the "alter-egos" of each other.

10 31. At all times relevant, each defendant served as the agent for each
11 other, and all of these defendants pursued a common course of conduct, acted
12 in concert, conspired with one another, and aided and abetted one another to
13 accomplish the wrongful conduct herein alleged, which wrongful conduct has
14 caused plaintiff damage and loss in excess of the jurisdictional limit of this
15 Court.

16 JURISDICTION AND VENUE

17 32. This Court has subject matter jurisdiction over plaintiff's claims
18 pursuant to Section 10(b) of the Securities Exchange Act of 1934 [15 U.S.C
19 Section 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. Section 240.10b-5], the
20 Investment Advisers Act of 1940 [15 U.S.C. Section 80b-1] and also pursuant
21 to 28 U.S.C. Section 1331. This court also has jurisdiction over plaintiff's
22 supplemental state claims pursuant to 28 U.S.C. Section 1337.

23 33. Venue is proper in this district pursuant to 28 U.S.C. 1391(a)(2)
24 and (b) (2); defendants conduct business in Orange County, and most of the
25 acts alleged herein occurred in this district.

26 FACTS

27 34. Plaintiff MARK invested no less than \$1,753,400 in a series of
28 fraudulent real estate trust deed investments initiated and solicited by

1 MAJESKI and several of his controlled corporate entities. MARK was over
2 the age of sixty-five when the acts alleged herein occurred.

3 35. At all relevant times, the MAJESKI represented to plaintiff that the
4 was a knowledgeable and experienced trust deed investment professional
5 specializing in the origination and servicing of trust deed investments and that
6 plaintiff's funds would be invested in trust deeds.

7 36. In reliance on these representations, plaintiff invested no less
8 than \$1,753,400 with MAJESKI. Plaintiff transferred these funds to MAJESKI
9 through a series of transactions between 2013 and March 2022.

10 37. MAJESKI promised to provide MARK with trust deeds and
11 assignments of the corresponding trust deeds in exchange for her investments.
12 MAJESKI represented that these documents would evidence MARK's
13 ownership of the loans and secure the plaintiff's investment while giving the
14 plaintiff the right to foreclose in the event of default.

15 38. In reality, MAJESKI failed to provide MARK trust deeds and
16 assignments, despite repeated requests by plaintiff and the passage of a
17 reasonable time for MAJESKI to fulfill these obligations.

18 39. MAJESKI's failure to provide the trust deeds and assignments
19 constitutes a breach of the parties' agreement and a violation of California and
20 Federal securities laws, which require the issuance of such documents in
21 connection with trust deed investments.

22 40. As a direct and proximate result of the MAJESKI's wrongful
23 conduct, the plaintiff has suffered damages in an amount to be proven at trial
24 but believed to be in excess of the jurisdictional minimum for this Court.

25 41. MAJESKI's fraudulent conduct has further damaged MARK, as
26 plaintiff invested her funds in reliance on MAJESKI's false representations and
27 material omissions, which MAJESKI knew or should have known was false or
28 misleading.

Majeski's Offer and Sale of Trust Deeds

42. Starting around 2013, MAJESKI and several entities he formed began to solicit investors for trust deed investments.

43. MAJESKI established a scheme to sell trust deeds purportedly secured by first and second trust deeds on real properties. MAJESKI solicited MARK to invest money and promised, in return, to give her monthly interest payments plus security in the form of a trust deed on the individual real property in which her money was invested. In connection with this trust deed ponzi scheme, between 2013 and 2022, MAJESKI offered and sold trust deeds, which were securities, to MARK and other investors in California and Nevada.

44. MAJESKI used numerous legal entities to aid in the trust deed ponzi scheme. MAJESKI was the incorporator and owner of BRUCE KING EQUITIES, INC.; CFO ADVISOR, INC.; EZ QUAL LENDING, INC.; FEARLESS INDUSTRIES, INC.; FISK CHARITIES, INC.; ISABELLA INDUSTRIES, INC.; JOSEPH ADAY PROPERTIES, INC.; KAB HOLDINGS, INC.; MY PHILANTHROPIES; PEL FINANCIAL SERVICES, INC.; PHIL ANTHROPY HOUSE; SOVEREIGN WEALTH PRESERVATION INC.; THE KRISTINE TAYLOR PHILANTHROPIES; TLC ESCROW SERVICES, INC., and; TSUNAMI PRODUCTS.

45. These entities operated as extensions of MAJESKI's trust deed ponzi scheme and held title to real property. MAJESKI is connected to over 150 other companies to facilitate his activities.

46. MAJESKI directed his entities to record trust deeds, assignments of trust deeds, reconveyances, and hold title to real property. MAJESKI had formal titles with most of these entities but operated and controlled them all.

47. MAJESKI marketed and solicited investors personally through face-to-face meetings, e-mails, and telephone conversations.

48. As part of soliciting investors for the trust deed ponzi scheme,

1 MAJESKI falsely represented to MARK that her funds would be segregated
2 and also claimed that the investments were safe, and carried little risk, because
3 she would receive a promissory note secured by a trust deed to the underlying
4 real property. MAJESKI further represented that MARK would receive
5 guaranteed monthly interest payments of at least ten percent per year and a
6 return of her principal at the end of the investment term. MAJESKI explained
7 that the investments were a type of short-term financing. Few, if any, trust
8 deeds in favor of MARK were offered in writing at the time of monetary
9 exchange. MAJESKI represented that his escrow company would handle
10 everything in good faith and order. In reality, MAJESKI's escrow company is
11 unlicensed.

12 49. Once MARK invested in the trust deed ponzi scheme, MAJESKI
13 never sent any documents evidencing the trust deed investments.

14 50. As an investor, MARK had no duties or management roles in the
15 scheme's operation. Instead, she was a passive investor, expecting to earn
16 profits through MAJESKI's efforts, and only verbal reassurances by MAJESKI
17 were offered. MARK was not an 'accredited' investor. MAJESKI failed to
18 provide MARK with any (1) Investor Questionnaire, (2) Lender/Purchaser
19 Disclosure Statement; (3) Investor Suitability Statement; (4) Business &
20 Professions Code 10236.7 Disclosure; (5) W-9 IRS Form; (6) Appraisal
21 Waiver Form; (7) Loan Servicing Agreement; (8) Title Report and Policy; (9)
22 Loan Summary; (10) Loan Documents; (11) Promissory Notes; (12) Trust
23 Deeds.

24 **Majeski's Misrepresentations, Fraud, and Deceit**

25 51. The statements MAJESKI made to MARK, both orally and through
26 the written offering documents, were materially false and misleading. Contrary
27 to the representations made by MAJESKI the trust deeds were not secured by
28 any underlying real properties. Any assignments of beneficial interest were

1 made to MAJESKI's entities and thus was a personal interest; it did not give
2 MARK any interest in any real properties. MARK could not foreclose on the
3 underlying properties if her trust deeds were unpaid, and the terms and
4 conditions were breached.

5 52. For example, MAJESKI would take ownership of a property in the
6 name of one of his entities; MAJESKI would then record a loan against that
7 property with his other entity being the lender, then sell fractional ownership
8 interest in that deed of trust to unsuspecting investors which were held in the
9 names of those "investor's entities" owned and controlled by MAJESKI.

10 53. MAJESKI's statements that MARK held trust deeds were also
11 false. MAJESKI often used one property to "secure" multiple trust deeds,
12 meaning that numerous investors were falsely told that they had a priority
13 claim to the same piece of real property.

14 54. Similarly, because the same property was often attached to multiple
15 deeds of trust, MARK was not guaranteed a reasonable loan-to-value ratio. For
16 example, MAJESKI assigned 119% interest from one \$500,000 promissory
17 note.

18 55. MAJESKI falsely claimed that MARK's funds would be
19 segregated and used only for specific trust deed investments. On information
20 and belief, MARK's funds were pooled and deposited into the general
21 operating accounts of MAJESKI's entity issuing the trust deeds and co-
22 mingled with other investor funds. These funds were routinely transferred
23 between the entities' bank accounts. They were essentially treated as
24 undocumented (and undisclosed) interest-free loans between the entities.
25 MAJESKI routinely misappropriated these funds to operate his other
26 businesses and to pay himself.

27 56. These false and misleading statements were made to MARK
28 between 2013 and 2022. MAJESKI made the misrepresentations or omissions

1 to MARK in meetings and conversations.

2 57. On information and belief, MAJESKI made similar
3 misrepresentations to other investors between 2013 and 2022.

4 58. These misrepresentations and omissions were material, and MARK
5 would have considered them essential to her investment decisions.

6 59. MAJESKI knew or was reckless in not knowing that he made
7 numerous material misstatements and omissions and committed many
8 deceptive acts to further the fraudulent trust deed ponzi scheme.

9 **Majeski's Misappropriation of Mark's Funds**

10 60. Not only did MAJESKI solicit MARK's investments through fraud
11 and deceit, but he also misappropriated those funds for his benefit.

12 61. For example, between approximately 2013 and 2022, MARK
13 invested no less than \$1,753,400 in trust deed investment with MAJESKI, yet,
14 she has never been given trust deeds or any other written documents
15 evidencing her investments.

16 62. During the scheme, MAJESKI did return to MARK some funds
17 misrepresented as interest payments but were a partial return of principal to
18 entice other investments.

19 **Majeski's Offer and Sale of Unregistered Securities**

20 63. Securities may not be offered or sold unless a registration statement
21 for that security has been filed with the SEC. Each sale of a security must be
22 made pursuant to a registration statement or fall under a registration exemption.

23 64. The trust deeds offered and sold to MARK as part of the trust deed
24 ponzi scheme were securities under federal law. MARK purchased the trust
25 deeds to earn profits through monthly interest payments. As a passive investor,
26 MARK expected to profit through MAJESKI's efforts. As part of the trust deed
27 ponzi scheme, the trust deeds were offered to MARK and the public through
28 MAJESKI's companies and personal solicitations by MAJESKI. Any

1 purported risk-reducing features of the trust deeds, such as being secured by
2 real properties, were illusory, as detailed herein. Finally, MARK's funds were
3 pooled, and the success of the investments depended on the success of
4 MAJESKI's efforts.

5 65. MAJESKI offered and sold these securities to MARK using the
6 means or instruments of interstate commerce, including but not limited to
7 telephones, e-mail, and mail. MAJESKI marketed the trust deed ponzi scheme
8 through his numerous entities and solicited investors personally through,
9 among other things, e-mails and telephone conversations. MAJESKI also
10 drafted, signed, and sent offering documents to MARK.

11 66. No registration statements were filed or in effect at the time of the
12 offers and sales of those trust deed investments.

13 67. The separate issuances of the trust deeds by MAJESKI's numerous
14 entities are subject to integration. MAJESKI controlled these entities, which
15 were used interchangeably to perpetuate the scheme. MAJESKI disregarded
16 corporate formalities, including operating and controlling each entity
17 regardless of whether he had a formal title or role and continuously shuffling
18 funds among the numerous entities. The entities were all engaged in identical
19 operations in the same type of business. MARK funds were commingled and
20 routinely transferred between MAJESKI's entities' bank accounts.

21 68. Further, the trust deeds investment offerings constituted one
22 continuous offering. The offerings were all part of a single plan and were made
23 for the same purpose, to raise funds for the fraudulent trust deed ponzi scheme.
24 The offerings all involved the sale of trust deeds for cash and were continuous
25 between 2013 and March 2022.

26 69. No registration exemption applied to the integrated offering of the
27 trust deeds investments. MAJESKI offered and sold MARK these trust deed
28 investments totaling at least \$1,753,400 in California and Nevada. MAJESKI

engaged in general solicitations through his entities to the public, including MARK. MARK was not provided (1) Investor Questionnaire, (2) Lender/Purchaser Disclosure Statement; (3) Investor Suitability Statement; (4) Business & Professions Code 10236.7 Disclosure; (5) W-9 IRS Form; (6) Appraisal Waiver Form; (7) Loan Servicing Agreement; (8) Title Report and Policy; (9) Loan Summary; (10) Loan Documents; (11) Promissory Notes; (12) Trust Deeds. Moreover, MARK was not a sophisticated or accredited investor pursuant to SEC rules and regulations.

Majeski's Actions as an Unregistered Broker-Dealer

70. A broker or dealer may not use certain means, such as the mail or telephone, to effect transactions in securities unless that broker or dealer is registered with the SEC, associated with a registered broker-dealer, or subject to an exemption or safe harbor.

71. MAJESKI acted as a broker by using interstate commerce to market and sell the trust deeds issued in the ponzi scheme. MAJESKI marketed the trust deed ponzi scheme through, among other things, e-mails and telephone conversations, and solicited investors personally through, among other things, e-mails and telephone conversations. He obtained funds from MARK through the mail or by check or wire transfer. He also advised MARK about the purported merits of the trust deed investments. He negotiated with MARK on his behalf and the entities which issued the trust deeds.

72. Despite acting as a broker, MAJESKI was not registered with the SEC, associated with a registered broker-dealer, nor was he subject to any exemption or safe harbor. Neither does MAJESKI possess any license from the California Department of Real Estate.

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FIRST CAUSE OF ACTION
VIOLATION OF RULE 10(B) OF THE EXCHANGE ACT OF 1934
AND RULE 10B-5 [15 U.S.C Section 78j(b) and 17 C.F.R. Section
240.10b-5]
AGAINST ALL DEFENDANTS

73. Plaintiff repeats the allegations set forth above and incorporates them by reference as though the same were more fully set forth herein.

74. Defendants engaged in the conduct described herein, directly or indirectly, in the offer or sale of securities by use of means or instruments of transportation or communication in interstate commerce or by use of the mails: (1) with scienter, employed devices, schemes, or artifices to defraud; (2) obtained money or property by means of untrue statements of a material fact or by omitting or state a material fact necessary to make the statement made, in light of the circumstances under which they were made, not misleading; or (3) engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit on the purchaser. Specifically, MAJESKI and the other defendants failed to notify plaintiff and recklessly disregarded the facts that any underlying real property did not secure MARK's investments in trust deeds. The "collateral assignment of beneficial interest" was made to MAJESKI's entities and thus was a personal interest; it did not give MARK any interest in the actual trust deeds. Accordingly, MARK could not foreclose on the underlying properties if the trust deeds were unpaid and the terms and conditions of the trust deeds were breached.

75. MAJESKI's statements that MARK held trust deeds were also false. MAJESKI often used one property to "secure" multiple trust deeds, meaning that numerous investors were falsely told that they had a priority claim to the same piece of real property.

76. Finally, MAJESKI falsely claimed that MARK's funds would be

1 segregated and used only for specific trust deed investments. On information
2 and belief, MARK funds were pooled and deposited into the general operating
3 accounts of each entity issuing the trust deeds and co-mingled with other
4 investor funds. These funds were routinely transferred between the entities'
5 bank accounts. They were essentially treated as undocumented (and
6 undisclosed) interest-free loans between the entities. As described below,
7 MAJESKI routinely misappropriated these funds to operate his other
8 businesses and to pay himself.

9 77. By engaging in the conduct described herein, defendant violated,
10 and unless restrained and enjoined, will continue to violate, Section 10(b) of
11 the Exchange Act, 15 U.S.C. Section 78j(b), and Rule 10b-5 thereunder, 17
12 C.R.F. Section 240.10b-5.

13 78. As a proximate result of the fraudulent conduct of MAJESKI as
14 herein alleged, plaintiff has incurred damages in that plaintiff was induced to
15 invest in fractionalized trust deeds with MAJESKI, all by reason of which
16 plaintiff has been damaged in the sum of no less than \$1,753,400, plus
17 attorney's fees and costs, according to proof at trial.

18 **SECOND CAUSE OF ACTION**

19 **RESCISSION UNDER SECTION 215 OF INVESTMENT ADVISERS**

20 **ACT OF 1940 [15 U.S.C. Section 80b-1 et seq.]**

21 **AGAINST ALL DEFENDANTS**

22 79. Plaintiff repeats the allegations set forth above and incorporates
23 them by reference as though the same were more fully set forth herein.

24 80. MAJESKI is an investment adviser under the Investment Advisers
25 Act, 15 U.S.C. Section 80b-1 et seq., and acted as plaintiff's investment adviser
26 at all relevant times.

27 81. MAJESKI engaged in the business of advising plaintiff directly as
28 to the value of securities and as to the advisability of investing in, purchasing,

1 or selling securities as defined at 15 U.S.C. Section 80b-2(11).

2 82. MAJESKI received compensation for his services related to the
3 investments sold to plaintiff as described in this Complaint.

4 83. Under the Investment Advisers Act, MAJESKI, as an investment
5 adviser, owed plaintiff a fiduciary duty to fully and fairly disclose all material
6 facts and an affirmative obligation to follow plaintiff's investment goals and
7 objectives in making all investments.

8 84. MAJESKI breached his fiduciary duty to plaintiff by making
9 misrepresentations regarding the suitability of investments in the trust deed
10 investments for plaintiff. MAJESKI concealed and omitted material facts
11 concerning MAJESKI's actions as financial advisor to plaintiff, thereby
12 deceiving plaintiff with full knowledge that such representations or omissions
13 resulted in false and misleading information. Such false and misleading
14 information led plaintiff to believe that her investments were made according
15 to her investment goals and objectives and that actual trust deeds secured her
16 investments.

17 85. As a result of MAJESKI's breach of his fiduciary duty, plaintiff's
18 purchase, investment, and acquisition of the fractionalized trust deed
19 investments are void under the Investment Advisers Act, 15 U.S.C. Section
20 80b-15(b).

21 86. Plaintiff seeks a declaratory judgment that her investments with
22 respect to the trust deeds and MAJESKI are void. Plaintiff also seeks an
23 accounting and restitution, as well as disgorgement of all profits made by
24 MAJESKI due to his conduct in violation of the Investment Advisers Act.

25 **THIRD CAUSE OF ACTION**
26 **FRAUDULENT CONCEALMENT**
27 **AGAINST ALL DEFENDANTS**

28 87. Plaintiff repeats the allegations set forth above and incorporates

1 them by reference as though the same were more fully set forth herein.

2 88. Defendants intentionally failed to disclose certain relevant and
3 important facts that would be material to any investor in deciding whether to
4 purchase a trust deed investment secured by the property, including, but not
5 limited to, (1) Investor Questionnaire, (2) Lender/Purchaser Disclosure
6 Statement; (3) Investor Suitability Statement; (4) Business & Professions Code
7 10236.7 Disclosure; (5) W-9 IRS Form; (6) Appraisal Waiver Form; (7) Loan
8 Servicing Agreement; (8) Title Report and Policy; (9) Loan Summary; (10)
9 Loan Documents; (11) Promissory Notes; (12) Trust Deeds.

10 89. Defendants owed plaintiff duties of fidelity, care, and disclosure
11 and were either in a fiduciary or confidential relationship with plaintiff as
12 defined in California law. Because of such fiduciary duty, and because the
13 defendant had superior knowledge of the true state of facts which were
14 unknown and unavailable to plaintiff through the exercise of reasonable
15 diligence, and because they were aware and intended for plaintiff to rely on
16 their integrity and fidelity, and it was reasonable for plaintiff to repose
17 confidence and trust in them under the circumstances, and because they used
18 misrepresentations to mislead plaintiff, the defendant had a duty to disclose (1)
19 Investor Questionnaire, (2) Lender/Purchaser Disclosure Statement; (3)
20 Investor Suitability Statement; (4) Business & Professions Code 10236.7
21 Disclosure; (5) W-9 IRS Form; (6) Appraisal Waiver Form; (7) Loan Servicing
22 Agreement; (8) Title Report and Policy; (9) Loan Summary; (10) Loan
23 Documents; (11) Promissory Notes; (12) Trust Deeds. By making the
24 affirmative misrepresentations to plaintiff, defendant were under a duty not to
25 conceal any facts to plaintiff pursuant to California Civil Code Sections 1709
26 and 1710.

27 90. Plaintiff did not know the material facts the defendant concealed
28 and suppressed from her. Defendants intended to deceive plaintiff by

1 concealing and suppressing the true facts surrounding the trust deed
2 investments, MAJESKI, and his numerous corporate entities.

3 91. Plaintiff reasonably and justifiably relied on defendant'
4 misrepresentations.

5 92. Defendants' deception harmed plaintiff because she invested her
6 money for the purpose of receiving monthly interest payments plus security in
7 the form of a trust deed on individual pieces of property. MARK invested with
8 MAJESKI, not knowing that MAJESKI, in his representations, failed to
9 disclose that he would be investing and holding properties that exceeded the
10 value of the investments. If defendant had told the truth to plaintiff and had not
11 suppressed the true facts surrounding the trust deed investments, plaintiff
12 would not have invested in the trust deeds or MAJESKI.

13 93. Defendants' concealment of the material facts was a substantial
14 factor in causing plaintiff's harm and was the direct and proximate cause of
15 plaintiff's harm.

16 94. Each defendant knowingly and willfully conspired and agreed with
17 each other to assist in accomplishing the fraudulent scheme by undertaking the
18 activity outlined herein. Defendants did the acts and things alleged pursuant to,
19 and in furtherance of, said conspiracy. MARK invested in reliance on the
20 misrepresentations of one or more members of the conspiracy and was injured
21 in an amount to be determined according to proof. Each defendant is liable for
22 all of the injury to plaintiff by virtue of his/her/its participation in the alleged
23 conspiracy to defraud.

24 95. Each defendant knowingly, intentionally, and materially assisted in
25 the fraudulent scheme by the conduct described, which included agreeing to
26 make material misrepresentations, conceal facts from plaintiff, and making
27 statements to plaintiff that concealed said facts. Plaintiff was injured in an
28 amount to be proved at trial by the fraudulent scheme, which each defendant

1 assisted. Therefore, each defendant is liable for aiding and abetting the fraud.

2 96. As a direct and proximate result of defendant's misconduct, plaintiff
3 has suffered severe financial damage in an amount according to proof believed
4 to be no less than \$1,753,400.

5 97. The conduct described herein constitutes "oppression, fraud or
6 malice" as those terms are defined in California Civil Code Section 3294.
7 plaintiff is therefore entitled to punitive damages in an amount according to
8 proof.

9 **FOURTH CAUSE OF ACTION**
10 **CONSTRUCTIVE FRAUD**
11 **AGAINST ALL DEFENDANTS**

12 98. Plaintiff repeats the allegations set forth above and incorporates
13 them by reference as though the same were more fully set forth herein.

14 99. By virtue of their titles and positions and engaging in the conduct
15 described herein, defendant owed a fiduciary duty to plaintiff and were in a
16 confidential relationship with MARK. Plaintiff reposed faith, confidence, trust,
17 and reliance on the judgment and advice of defendant. Plaintiff and defendant
18 were in a confidential and fiduciary relationship based on the faith, confidence,
19 trust, and reliance that plaintiff placed in what defendant represented as
20 superior knowledge, judgment, and advice.

21 100. By not discharging their duties to plaintiff to provide competent
22 investment and real estate advice, defendant caused plaintiff to invest in trust
23 deed investments, which plaintiff would not have done had she known the true
24 facts regarding the investments.

25 101. Plaintiff justifiably relied on the advice and counsel of defendant.
26 Plaintiff would not have made the investments had defendant properly
27 disclosed the true facts.

28 102. Defendants' actions constituted constructive fraud under Civil

1 Code Section 1573.

2 103. As a direct and proximate result of defendants' actions, plaintiff
3 suffered substantial damages in an amount according to proof but believed to
4 be no less than \$1,753,400.

5 104. Defendants' conduct as described herein constitutes "oppression,
6 fraud or malice" as those terms are defined in Civil Code Section 3294. plaintiff
7 is therefore entitled to punitive damages in an amount according to proof.

8 **FIFTH CAUSE OF ACTION**
9 **VIOLATION OF CALIFORNIA CORPORATIONS CODE SECTIONS**
10 **25401 AND 25501**
11 **AGAINST ALL DEFENDANTS**

12 105. Plaintiff repeats the allegations set forth above and incorporates
13 them by reference as though the same were more fully set forth herein.

14 106. Defendants, by engaging in the conduct described herein, offered
15 and sold fractionalized trust deeds and investments, both of which constitute
16 securities, in the State of California, utilizing both written and/or oral
17 communications, which included untrue statements of material fact and/or
18 omitted to state material facts necessary to make the statements made, in light
19 of the circumstances under which they were made, not misleading.

20 107. As a proximate result of the fraudulent conduct of defendant, as
21 alleged herein, plaintiff has incurred damages by investing in fractionalized
22 trust deed and MAJESKI's ponzi schemes, all by reason of which plaintiff has
23 been damaged in the amount to be no less than \$1,753,400, plus attorney's fees
24 and costs.

25 108. The aforementioned conduct of defendant was an intentional
26 misrepresentation, deceit, or concealment of a material fact known to each of
27 the defendant with the intent on the part of the defendant of depriving plaintiff
28 of property or legal rights or otherwise causing injury and was despicable

1 conduct that subject plaintiff to cruel and unjust hardship in conscious
2 disregard of plaintiff's rights, to justify an award of exemplary and punitive
3 damages.

4 **SIXTH CAUSE OF ACTION**
5 **DECEIT – INTENTIONAL MISREPRESENTATION**
6 **AGAINST ALL DEFENDANTS**

7 109. Plaintiff repeats the allegations set forth above and incorporates
8 them by reference as though the same were more fully set forth herein.

9 110. Defendants made representations of fact contained herein
10 concerning MAJESKI's promise to provide MARK with trust deeds and
11 assignments of the corresponding trust deeds in exchange for her investments.
12 MAJESKI represented that these trust deeds would evidence MARK's
13 ownership of loans and secure the plaintiff's investment while giving the
14 plaintiff the right to foreclose in the event of default. These representations
15 were false when made, and defendant knew them to be false or were reckless
16 in now knowing they were false.

17 111. Defendants intended plaintiff to rely on their representations in
18 considering whether to purchase trust deed investments both directly and for
19 the economic benefit of defendant.

20 112. Plaintiff did reasonably and justifiably relied on the defendant'
21 representations concerning MAJESKI's promise to provide MARK with trust
22 deeds and assignments of the corresponding trust deeds in exchange for her
23 investments. MAJESKI represented that these documents would evidence
24 MARK's ownership of loans and secure the plaintiff's investment while giving
25 the plaintiff the right to foreclose in the event of default.

26 113. Plaintiff was harmed as a direct and proximate result of her reliance
27 on the false representations because she purchased trust deed investments
28 without receiving trust deeds and assignments of the corresponding trust deeds

1 in exchange for her investments. MAJESKI never provided any documents
2 evidencing MARK's ownership of the loans. Despite MAJESKI's
3 representations, plaintiff's investment did not give plaintiff the right to
4 foreclose in the event of default. If plaintiff had known the true facts, plaintiff
5 would not have invested in the trust deed investments with MAJESI or
6 defendant.

7 114. Each Defendant knowingly and willfully conspired and/or agreed
8 with each other to assist in the fraudulent scheme by undertaking the activities
9 described herein, and in particular, by making the false representations that
10 induced plaintiff to purchase the trust deed investments and invest with
11 MAJESKI to her detriment. Defendants did the acts and things herein alleged
12 pursuant to, and in furtherance of, said conspiracy. Each Defendant is liable
13 for all of the injury to plaintiff by virtue of its alleged participation in the
14 herein-alleged conspiracy to defraud.

15 115. Each Defendant knowingly, intentionally, and substantially
16 assisted each other in implementing the fraudulent scheme by the conduct
17 described herein, which included agreeing to make material misrepresentations
18 and/or to conceal material facts from plaintiff. By making such material
19 misrepresentations to plaintiff to induce plaintiff to purchase trust deed
20 investments and investments with MAJESKI, each Defendant provided
21 substantial assistance to each other in accomplishing their fraudulent
22 objectives. Plaintiff was injured in an amount to be proved at trial by the
23 fraudulent scheme, which was materially assisted by each Defendant but
24 believed to be no less than \$1,753,400. Therefore, to the extent any Defendant
25 may not be primarily responsible for the fraudulent conduct alleged herein,
26 each such Defendant is nonetheless liable for aiding and abetting the primary
27 fraud committed by the others.

28 116. As a direct and proximate result of the defendant' misconduct,

1 plaintiff has suffered severe financial damage in an amount believed to be no
2 less than \$1,753,400, all of which will be established according to proof at trial.

3 117. The conduct described herein constitutes "oppression, fraud, and
4 malice," as those terms are defined in California Civil Code Section 3294.
5 Plaintiff is therefore entitled to punitive damages in an amount according to
6 proof.

7 **SEVENTH CAUSE OF ACTION**
8 **BREACH OF FIDUCIARY DUTY**
9 **AGAINST ALL DEFENDANTS**

10 118. Plaintiff repeats the allegations set forth above and incorporates
11 them by reference as though the same were more fully set forth herein.

12 119. Plaintiff is an investment advisee of MAJESKI. Defendants owed
13 and continue to owe a fiduciary duty to plaintiff.

14 120. Defendants breached their fiduciary duty to plaintiff by failing to
15 provide accurate disclosures, appraisals, and investment advice regarding the
16 trust deed investments.

17 121. Defendants failed to conduct themselves as would a prudent
18 investment advisor or manager. Defendant's acts and/or omissions with regard
19 to plaintiff fell below the standard of care. They were imprudent and recklessly
20 disregarded the rights of plaintiff and/or plaintiff's financial circumstances.

21 122. Defendants' failure to meet the standard of care in their behavior
22 towards plaintiff and have caused plaintiff financial damages in an amount
23 according to proof but believed to be no less than \$1,753,400.

24 **EIGHTH CAUSE OF ACTION**
25 **UNFAIR BUSINESS PRACTICES IN VIOLATION OF SECTION**
26 **17200 OF THE CALIFORNIA BUSINESS AND PROFESSIONS CODE**
27 **AGAINST ALL DEFENDANTS**

28 123. Plaintiff repeats the allegations set forth above and incorporates

1 them by reference as though the same were more fully set forth herein.

2 124. Since 2013, defendants have engaged in the unfair and unlawful
3 business practice of not making material disclosures to MARK regarding trust
4 deed investments. On information and belief, defendants are engaged in other
5 unfair and unlawful business practices that violate laws pertaining to such
6 disclosures, and such violations constitute unfair business practices.

7 125. These acts and practices violate Business & Professions Code
8 §17200 et seq. in that they are unlawful and unfair.

9 126. Defendants are perpetrating these unlawful and unfair practices on
10 MARK and the general public.

11 127. Plaintiff was and is a victim of this unlawful and unfair practice and
12 is representative of the members of the public so harmed. Plaintiff has suffered
13 actual loss and injury because of these practices. Plaintiff's claims and loss and
14 injury are typical of other members of the public on whom defendants have
15 perpetrated the unfair practice of failing to make accurate disclosures and/or
16 concealing facts from investors as required by law. As a direct and proximate
17 result of the unfair business practices of defendants, plaintiff has incurred
18 damage in that she was induced to invest in fractionalized trust deeds and
19 MAJESKI's ponzi schemes, all by reason of which plaintiff has been damaged
20 in the amount to be no less than \$1,753,400, or according to proof, as well as
21 interest, attorneys' fees and costs.

22 128. As a further direct and proximate result of the unfair business
23 practices of defendants, plaintiff is entitled to an order directing defendants for
24 an order prohibiting defendants from engaging in any further investments,
25 assignments, sales, or transfers of fractionalized trust deeds.

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NINTH CAUSE OF ACTION
DECEIT – NEGLIGENT MISREPRESENTATION
AGAINST ALL DEFENDANTS

129. Plaintiff repeats the allegations set forth above and incorporates them by reference as though the same were more fully set forth herein.

130. Defendants made the misrepresentations described herein to plaintiff without any reasonable grounds for believing them true.

131. Defendants owed a duty to plaintiff to ensure that the information and/or assurances provided to her regarding trust deed investments were reasonable based on the information available to them, publicly known, and/or that they reasonably believed such information to be accurate. Defendants made factual misrepresentations and/or material omissions in the face of overwhelming facts and evidence demonstrating the falsity of their assertions and/or omissions.

132. Defendants made their misrepresentations with the intent that plaintiff rely on them and induce her to invest in fractionalized trust deeds investments for the economic gain of the defendants.

133. The plaintiff reasonably and justifiably relied on the defendants' misrepresentations as set forth herein.

134. Defendant's affirmative misrepresentations were the immediate cause of plaintiff's conduct, i.e., the purchase of trust deed investments with MAJESKI. Without such misrepresentations, plaintiff would not have invested in trust deed investments with MAJESKI or defendants.

135. The true state of facts about the trust deeds was unknown and unavailable to plaintiff through the exercise of reasonable diligence. Plaintiff, in fact, actually, reasonably, and justifiably relied on the defendants' representations as set forth herein.

136. As a direct and proximate result of defendants' misconduct,

1 plaintiff has suffered severe financial damages in an amount according to proof
2 but is believed to be no less than \$1,753,400.

3 **TENTH CAUSE OF ACTION**
4 **BREACH OF CONTRACT**
5 **AGAINST ALL DEFENDANTS**

6 137. Plaintiff repeats the allegations set forth above and incorporates
7 them by reference as though the same were more fully set forth herein.

8 138. Defendants entered into agreements, either actually or impliedly,
9 orally or in writing to be determined by further discovery, whereby plaintiff
10 agreed to deliver funds to defendants, and defendants agreed while acting in
11 the capacity of investment advisors to provide plaintiff with trust deed
12 investments.

13 139. Plaintiff has fulfilled all promises required on their part to be
14 performed in accordance with the terms and conditions of the contract by
15 delivering good funds to defendants.

16 140. Defendants breached the agreements by failing on each occasion to
17 provide plaintiff with (1) Investor Questionnaire, (2) Lender/Purchaser
18 Disclosure Statement; (3) Investor Suitability Statement; (4) Business &
19 Professions Code 10236.7 Disclosure; (5) W-9 IRS Form; (6) Appraisal
20 Waiver Form; (7) Loan Servicing Agreement; (8) Title Report and Policy; (9)
21 Loan Summary; (10) Loan Documents; (11) Promissory Notes; (12) Trust
22 Deeds. Defendants further breached by engaging in a conspiracy to convert
23 plaintiff's funds to their use without performing the promises made by the
24 defendants respecting the issuance of trust deeds.

25 **ELEVENTH CAUSE OF ACTION**
26 **BREACH OF GOOD FAITH AND FAIR DEALING**
27 **AGAINST ALL DEFENDANTS**

28 141. Plaintiff repeats the allegations set forth above and incorporates

1 them by reference as though the same were more fully set forth herein.

2 142. California law recognizes an implied covenant of good faith and
3 fair dealing in every contract. The covenant is to the effect that neither party to
4 the contract will do anything deliberately to deprive the other of the benefits of
5 the agreement. *Pasadena Live, LLC v. City of Pasadena* (2004) 114 Cal. App.
6 4th 1089, 1092-1094, 8 Cal. Rptr. 3d 233.

7 143. Defendants owed a duty of good faith and fair dealing to plaintiff
8 by virtue of the oral and/or written contract between plaintiff and defendants.

9 144. Defendants have a duty not to take advantage of plaintiff by failing
10 to disclose material information to plaintiff. Furthermore, defendants must not
11 engage in unfair dealing with plaintiff by failing to secure plaintiff's best
12 interests in trust deeds and failing to carry out their duties in recording the
13 assignments or trust deeds against which plaintiff has secured interests.

14 145. Defendants have taken advantage of plaintiff by failing to disclose
15 material information that plaintiff's money was not used for trust deed
16 investments.

17 146. Defendants failed to secure plaintiff's interests in trust deeds and
18 have failed to carry out their duties to record assignments of trust deeds.

19 147. In acting as described herein, defendants have not proceeded in
20 good faith, nor in a manner that serves plaintiff's best interests as an investor
21 in trust deeds.

22 148. Furthermore, defendants, by failing to disclose material
23 information as required by law, have breached the duty of fair dealing. As a
24 direct and proximate result of defendants and each of their acts, plaintiff has
25 been damaged in a sum according to proof at trial.

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**TWELFTH CAUSE OF ACTION
DECLARATORY RELIEF
AGAINST ALL DEFENDANTS**

149. Plaintiff repeats the allegations set forth above and incorporates them by reference as though the same were more fully set forth herein.

150. Plaintiff alleges that an actual controversy exists between plaintiff and defendants regarding plaintiff's trust deed investments with MAJESKI and the misappropriation of plaintiff's investment funds. Plaintiff contends that defendants breached a fiduciary duty and failed to invest plaintiff's funds in trust deed investments and/or misappropriated her funds for their gain, thereby exposing plaintiff to actual damages.

151. Plaintiff desires a judicial determination of her rights and interests as to the purported trust deed investments. Plaintiff desires a judicial determination that defendants have breached a fiduciary duty to plaintiff and have failed to invest plaintiff's funds in trust deed investments and/or failed to provide assignments of trust deeds in favor of plaintiff, all to plaintiff's injuries.

152. Under these circumstances, a judicial declaration is appropriate so that plaintiff may ascertain her rights regarding any damages she has suffered due to defendants' misappropriation of no less than \$1,753,400 and failure to provide assignments of trust deeds. Without the requested judicial declaration, plaintiff will continue to suffer financial and other economic burdens because plaintiff will be unable to recover the money invested with MAJESKI or foreclose on her interests in real properties, collect on their past due Notes, and will incur additional legal fees, costs, penalties, and other injuries suffered by plaintiff.

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THIRTEENTH CAUSE OF ACTION
CONVERSION
AGAINST ALL DEFENDANTS

153. Plaintiff repeats the allegations set forth above and incorporates them by reference as though the same were more fully set forth herein.

154. Defendant acting as escrows in transactions between plaintiff and MAJESKI represented to plaintiff that they were a reputable escrow company and that they would duly invest plaintiff's funds in trust deed investments to induce plaintiff to invest in trust deeds with MAJESKI.

155. These representations were, in fact, false, and defendants, and all of them, knew of their falsity. The true facts were that defendants knew that plaintiff's money was not invested in trust deeds and that defendant TLC ESCROW SERVICES, INC. is not a licensed escrow company. Defendants concealed this information from plaintiff. Furthermore, defendants did not intend to invest plaintiff's money in trust deeds or secure.

156. MARK justifiably relied on defendants' representations to induce MARK to invest with defendants.

FOURTEENTH CAUSE OF ACTION
CONSTRUCTIVE TRUST
AGAINST ALL DEFENDANTS

157. Plaintiff repeats the allegations set forth above and incorporates them by reference as though the same were more fully set forth herein.

158. At all material times herein, a confidential relationship existed between plaintiff and defendants in that Defendant, TLC ESCROW SERVICES, INC., served as escrow for investments by plaintiff with MAJESKI, and defendants were the caretakers of the funds invested by plaintiff.

159. At all material times herein, plaintiff believed implicitly in the

1 integrity and truthfulness of defendants and reposed absolute trust and
2 confidence in them.

3 160. Plaintiff is informed and believes and thereon alleges that by virtue
4 of the fraudulent acts of defendants, defendants hold property of plaintiff,
5 including unpaid Notes secured by trust deeds as a constructive trustee for
6 plaintiff's benefit.

7 161. Plaintiff is informed and believes and thereon alleges that by virtue
8 of the fraudulent acts of defendants, defendants hold the real properties located
9 at 445 Cartwright Ave. # 207, Los Angeles, CA 91602, and 6682 Magnolia
10 Ave., Riverside, CA 92506, purchased with plaintiff's funds, as a constructive
11 trustee for plaintiff's benefit.

12 162. Plaintiff has therefore been damaged as a proximate result in a sum
13 according to proof at trial and requests that a constructive trust be imposed.

14 **FIFTEENTH CAUSE OF ACTION**
15 **FRAUDULENT TRANSFERS**
16 **AGAINST ALL DEFENDANTS**

17 163. Plaintiff repeats the allegations set forth above and incorporates
18 them by reference as though the same were more fully set forth herein.

19 164. At all times mentioned herein, plaintiff has been the holder of
20 certain claims against defendants. The claims consist of funds invested in trust
21 deeds payable to plaintiff.

22 165. Defendants are indebted to plaintiff. Plaintiff has performed all
23 conditions, covenants, and promises under the contract, on her part to be
24 performed, by providing good funds to defendants. Plaintiff invested in trust
25 deed investments with MAJESKI and defendants, acting in the capacity of
26 escrow, were to secure MARK's investment in trust deeds for plaintiff.

27 166. Plaintiff is informed and believes and thereon alleges that
28 defendants purporting to act as licensed escrows and escrow officers accepted

1 money from plaintiff on separate occasions with a return promise that they
2 would secure plaintiff's trust deed investments with assignments of trust deeds
3 in a timely fashion to secure plaintiff's investment in trust deeds.

4 167. Although defendants took plaintiff's funds on separate occasions,
5 no assignments of trust deeds or trust deeds were recorded with plaintiff as
6 beneficiary. Instead, defendants and MAJESKI misappropriated plaintiff's
7 money.

8 168. Although on the date of the aforementioned agreement, no part of
9 plaintiff's claims against defendants had matured, plaintiff is further informed
10 and believes and thereon alleges that the obligation was incurred with an actual
11 intent to hinder, delay, or defraud plaintiff in the collection of her claims.

12 169. Plaintiff is informed and believes and thereon alleges that the
13 obligations to invest plaintiff's money in trust deed investments and/or to
14 record assignments of trust deeds to secure plaintiff's interests in real properties
15 were received by defendants with knowledge that MAJESKI, intended to
16 hinder, delay, or defraud the collection of plaintiff's aforementioned claims and
17 the claims of future creditors of defendants.

18 170. Defendants had such knowledge by virtue of an agreement between
19 defendants and MAJESKI to defraud plaintiff in collecting profits.

20 **SIXTEENTH CAUSE OF ACTION**
21 **FINANCIAL ABUSE OF AN ELDER IN VIOLATION OF CAL. WELF.**
22 **& INST. CODE & 15600 et seq.**
23 **AGAINST ALL DEFENDANTS**

24 171. Plaintiff repeats the allegations set forth above and incorporates
25 them by reference as though the same were more fully set forth herein.

26 172. In 1991 the California Legislature enacted the Elder Abuse Act,
27 codified in California Welfare & Institutions Code §15600 et seq. In enacting
28 the Elder Abuse Act, the Legislature expressly recognized that elders (defined

1 as persons above the age of 65) are victims of financial fraud and abuse, among
2 other forms of neglect and harm, and intended to provide enhanced civil
3 remedies to redress the reckless acts and omissions within the Act's ambit that
4 are perpetrated against our elders, stating "...It is the further intent of the
5 Legislature in adding Article 8.5 (commencing with Section 15657) to this
6 chapter to enable interested persons to engage attorneys to persons and
7 dependent adults." (California Welfare & Institutions Code §15600(j)).

8 173. As alleged herein, defendants committed acts or omissions of
9 financial mismanagement and abuse of MARK as that term is used in Welfare
10 & Institutions Code §15610.30.

11 174. At the time defendants did the aforementioned fraudulent and
12 unfair acts related to MARK's personal property, she was at least 69 years old
13 and, therefore, an "elder" within the meaning of the California Elder Abuse
14 Law. (California Welfare & Institutions Code §15610.27).

15 175. The Law provides that "Abuse of an elder or a dependent adult"
16 includes "financial abuse...or other treatment with resulting physical harm or
17 pain or mental suffering." (California Welfare & Institutions Code §15610.07).

18 176. Defendants took, secreted, appropriated, obtained, or retained real
19 or personal property of MARK for wrongful use or with intent to defraud, or
20 both, which violated California law and thereby legally the proximate cause of
21 plaintiff's damages.

22 177. Defendants assisted in taking, secreting, appropriating, obtaining,
23 or retaining real or personal property of MARK for wrongful use or with intent
24 to defraud, or both, which violated California law and was the proximate cause
25 of plaintiff's damages.

26 178. Defendants took, secreted, appropriated, obtained, or retained, or
27 assisted in taking, secreting, appropriating, obtaining, or retaining real or
28 personal property of MARK by undue influence, which violated California law

1 and was the proximate cause of plaintiff's damages.

2 179. Defendants knew or should have known that by taking, secreting,
3 appropriating, obtaining, or retaining real or personal property of MARK, their
4 conduct was likely to be harmful to MARK, which violated California law and
5 thereby legally the proximate cause of plaintiff's damages.

6 180. By engaging in the acts alleged herein, defendants committed
7 directly and/or aided and abetted elder financial abuse in violation of California
8 Welfare & Institutions Code §5610.30(a)&(b) by taking advantage of MARK's
9 mental and physical condition and committing the acts or omissions described
10 herein.

11 181. Defendants' conduct, hereinbefore described, was reckless,
12 oppressive, fraudulent, and malicious within the meaning of California
13 Welfare & Institutions Code §15657 et. seq. Under California Civil Code
14 §3294 and California Welfare & Institutions Code §15657.5 defendants are
15 liable for compensatory, all other remedies otherwise provided for law,
16 attorneys fees and costs, as well as punitive damages.

17 **SEVENTEENTH CAUSE OF ACTION**
18 **ACCOUNTING**
19 **AGAINST ALL DEFENDANTS**

20 182. Plaintiff repeats the allegations set forth above and incorporates
21 them by reference as though the same were more fully set forth herein.

22 183. Plaintiff is informed and believes, and thereon alleges, that
23 defendants have converted to their personal use funds received from MARK
24 that were authorized only for investing in trust deeds secured by real property
25 on behalf of MARK. Such conversion of MARK's funds breached the
26 agreement between defendants and MARK and was done wrongfully and
27 fraudulently.

28 184. The exact amounts of unauthorized misappropriation of trust deeds,

1 funds, interest, and money received and expended by defendants for their
2 personal use rather than on behalf of MARK are unknown to plaintiff and can
3 be determined only by an accounting.

4 185. Plaintiff has and hereby does, demand an accounting by defendants
5 of the amounts of unauthorized misappropriation of trust deeds, funds, interest,
6 and money received and expended by defendants for their personal use rather
7 than on behalf of MARK. Defendants have failed and refused, and continue to
8 fail and refuse, to render a true and correct accounting.

9 **PRAYER FOR RELIEF**

10 **WHEREFORE**, plaintiff prays for judgment against as follows:

11 **FIRST CAUSE OF ACTION**

- 12 1. For general damages according to proof at trial;
13 2. For exemplary and punitive damages;
14 3. For attorneys; fees and costs;

15 **SECOND CAUSE OF ACTION**

16 1. Rescinding any investment agreements with defendants and
17 requiring defendants to return all funds, no less than \$1,753,400, that plaintiff
18 entrusted to defendants;

19 2. Disgorgement of all profits earned by defendants through the use
20 of plaintiff's funds for the purchase of real properties or trust deeds;

- 21 3. For attorneys' fees and costs;

22 **THIRD CAUSE OF ACTION**

- 23 1. For general damages according to proof at trial;
24 2. For exemplary and punitive damages;
25 3. For attorneys; fees and costs;

26 **FOURTH CAUSE OF ACTION**

- 27 1. For general damages according to proof at trial;
28 2. For exemplary and punitive damages;

FIFTH CAUSE OF ACTION

1. For general damages according to proof at trial;
2. For exemplary and punitive damages;
3. For attorney's fees and costs;

SIXTH CAUSE OF ACTION

1. For general damages according to proof at trial;
2. For exemplary and punitive damages;
3. For attorney's fees and costs;

SEVENTH CAUSE OF ACTION

1. For general damages according to proof at trial;
2. For exemplary and punitive damages;
3. For attorney's fees and costs;

EIGHTH CAUSE OF ACTION

1. For general damages according to proof at trial;
2. For injunctive relief prohibiting defendants from conducting appraisals, trust deed sales, or investments in trust deeds;
3. For attorney's fees and costs;

NINTH CAUSE OF ACTION

1. For general damages according to proof at trial;

TENTH CAUSE OF ACTION

1. For general damages according to proof at trial;
2. For exemplary and punitive damages;
3. For attorney's fees and costs;

ELEVENTH CAUSE OF ACTION

1. For general damages according to proof at trial;
2. For exemplary and punitive damages;
3. For attorney's fees and costs;

TWELFTH CAUSE OF ACTION

1
2 1. For declaratory relief that all proceeds and profits derived from the
3 use of plaintiff's funds are, and should be declared by this Court to be, the
4 property of plaintiff, and the Court should declare that they are held by
5 defendants and any successors, assigns, or transferees, attorneys, agents, of any
6 of those defendants in constructive trust for the benefit of plaintiff and impose
7 such a constructive trust on all those proceeds and profits.

THIRTEENTH CAUSE OF ACTION

- 8
9 1. For general damages according to proof at trial;
10 2. For exemplary and punitive damages;
11 3. For attorney's fees and costs;

FOURTEENTH CAUSE OF ACTION

12
13 1. For a declaration and imposition of constructive trust that by virtue
14 of the fraudulent acts of defendants, defendants hold certain personal and/or
15 real property of plaintiff, including real properties and unpaid promissory notes
16 secured by trust deeds as a constructive trustee for plaintiff's benefit.

FIFTEENTH CAUSE OF ACTION

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18 1. That any transfers from defendants of any interest in any trust deeds
19 be set aside and declared void as to plaintiff herein to the extent necessary to
20 satisfy plaintiff's investments in the sum of no less than \$1,753,400, plus costs,
21 plus interest thereon at the legal rate of 10% per annum from the time of
22 plaintiff's first investment.

23 2. That defendants be restrained from transferring or conveying any
24 interest in any trust deeds or properties until the claims mentioned herein held
25 by the plaintiff against the defendants are satisfied.

26 3. That a temporary restraining order be granted enjoining and
27 restraining defendants and their representatives, attorneys, and agents from
28 selling, transferring, conveying, or otherwise disposing of any trust deeds or

property;

4. That an order be made declaring that the defendants hold all the trust deeds and property described herein in trust for the plaintiff;

5. That defendants be required to account to the plaintiff any profits and proceeds earned from or taken from the use of plaintiff's investments;

SIXTEENTH CAUSE OF ACTION

1. For general damages according to proof at trial;

2. For exemplary and punitive damages;

3. For attorney's fees and costs;

SEVENTEENTH CAUSE OF ACTION

1. For an accounting and an order that defendants provide access to all relevant financial information, including, without limitation, any and all bank records, escrows, savings accounts, checking accounts, money-market accounts, canceled checks, and correspondence, from which to determine the extent to which funds provided by plaintiff were wrongfully or fraudulently converted to defendants' personal use.

ON ALL CAUSES OF ACTION

1. For interest in an amount according to proof at trial;

2. For costs of suit incurred herein; and

3. For such other and further relief as this court deems just and proper.

Dated: June 1, 2023

Respectfully Submitted,

DELDAR LEGAL

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MARK

DEMAND FOR JURY TRIAL

Plaintiff hereby demands, as a matter of right, trial by jury on all causes of action in this case.

Dated: June 1, 2023

Respectfully Submitted,

DELDAR LEGAL

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